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Superior Court of New Jersey
JUL 1 8 2005
CIVIL CASE MANAGEMENT
UNION COUNTY

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REED ELSEVIER INC., Plaintiff, -vs- INHERENT.COM, INC. a/k/a INHERENT, INC., Defendant.	SUPERIOR COURT OF NEW JERSEY UNION COUNTY, LAW DIVISION DOCKET NO. COMPLAINT FOR DECLARATORY JUDGMENT

Plaintiff Reed Elsevier, Inc., by way of Complaint against defendant Inherent.com, Inc. a/k/a Inherent, Inc., hereby says as follows:

THE PARTIES

1. Plaintiff Reed Elsevier, Inc. ("RE") is a Massachusetts corporation having a principal place of business located at 275 Washington Street, Newton, Massachusetts. Martindale-Hubbell ("MH") is a division of RE and has a principal place of business at 121 Chanlon Road, New Providence, New Jersey, in Union County. MH's business consists of providing various products and services utilized by the legal profession.

2. Defendant Inherent.com, Inc. a/k/a Inherent, Inc. ("ICI") is a corporation having a principal place of business at 2140 SW Jefferson Street, Suite 200, Portland, Oregon. ICI's business consists of providing internet-related services (e.g., website development and hosting) for professional organizations, primarily law firms and legal professional associations.

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FACTUAL BACKGROUND

3. In 2004, MH and ICI commenced discussions regarding the possibility of entering into a business relationship between the two companies.

4. After preliminary discussions, MH and ICI entered into a Non-Disclosure Agreement to facilitate the providing of information by ICI deemed material and necessary by MH in its evaluation of the contemplated transaction. The Non-Disclosure Agreement became effective on November 1, 2004, and provided for a two-year period during which its confidentiality terms remained in effect.

5. The Non-Disclosure Agreement provided certain described limitations on the use by either MH or ICI of confidential, proprietary, or trade secret information disclosed by the other in the course of the parties' discussions and their respective evaluation as to the desirability of entering into a business relationship. The Non-Disclosure Agreement provided that upon written request by either party, the other party would return all proprietary information or destroy such information and certify its destruction.

6. From November 2004 through May 2005, MH and ICI had numerous discussions regarding a potential business relationship between the companies, and ICI provided MH with certain information regarding its operations.

7. On or about May 25, 2005, MH presented ICI with a Letter of Intent, the purpose of which was to provide ICI with MH's ". . . preliminary non-binding indication of interest in acquiring the web site development, management and hosting applications and services business . . . of Inherent.com, Inc. . . . and [its] proposed next steps to move this potential transaction forward."

8. The Letter of Intent set forth a "non-binding indication" of the nature of MH's proposed transaction, which was based upon MH's "preliminary analysis" of the information provided by ICI by that date.

9. The Letter of Intent specified numerous conditions to the completion of any transaction, including but not limited to (i) the satisfactory completion "of a full commercial, financial, technical and legal due diligence" by MH; (ii) the negotiation of acceptable purchase and sale contract terms acceptable to RE, and (iii) approval by the Board of Directors of RE.

10. The Letter of Intent proposed by MH to ICI provided that ". . . this letter and the acceptance thereof is non-binding and creates no legally binding obligation on the part of the parties to conclude the proposed transaction, and no legally binding obligation to conclude the proposed transaction will be created, notwithstanding any subsequent actions or communications, written or oral, between the parties, even though they may express or imply partial or preliminary agreement, except by the execution and delivery by all parties of definitive transaction documents."

11. MH and ICI negotiated the form of the Letter of Intent proposed by MH. Among the modifications made at ICI's request was an amendment of the language to provide that the possible transaction was subject to the parties reaching mutually acceptable purchase and sale contract terms and the execution of definitive transaction documents.

12. On June 15, 2005, ICI signed the revised Letter of Intent dated June 8, 2005. On June 17, 2005, certain ICI shareholders signed the Letter of Intent, as required by MH.

13. Following the execution of the Letter of Intent by ICI, MH undertook due diligence necessary to evaluate the feasibility and potential terms of a business transaction with ICI.

14. While performing due diligence, MH received information which caused it to conclude that it did not wish to acquire ICI or any of its assets, or to enter into any business transaction with ICI. Accordingly, on June 28, 2005, eleven days after the fully-executed Letter of Intent was returned to MH, MH advised ICI that it had no interest in moving forward with ICI.

15. Following MH's decision to terminate the discussions between the parties, MH returned to ICI whatever confidential information, as defined by the Non-Disclosure Agreement, was then in MH's possession. MH also provided certifications to ICI stating that the signatories, who were involved in the due diligence process, no longer possessed confidential information regarding ICI.

COUNT ONE

16. Plaintiff MH repeats and realleges the allegations contained in paragraphs 1 through 15 above as if fully set forth herein.

17. On July 11 and 13, 2005, MH received correspondence from ICI's counsel alleging that MH had committed a breach of its "contract" with ICI and threatening the filing of a lawsuit by ICI against MH.

18. ICI has taken the position that MH entered into "a contract to purchase ICI's assets," and that MH's refusal to do so "constitutes a breach of contract."

19. ICI has asserted that MH's "terminat[ion] of the contract [was] without merit and without interest in allowing ICI to remedy any concerns or problems."

20. RE denies that it is obligated, through the actions of its MH division, to purchase any of ICI's assets or to otherwise enter into a business arrangement of any sort with ICI.

21. RE asserts that it is not in breach of any agreement between MH and ICI.

WHEREFORE, plaintiff Reed Elsevier requests that the Court: (a) construe the terms of the Letter of Intent and any other supposed agreement alleged by defendant Inherent.com, Inc. a/k/a Inherent, Inc. to constitute a binding contractual agreement, and issue a judgment declaring that (i) Martindale-Hubbell did not breach any obligation to ICI in connection with the parties discussions concerning a potential business transaction as contemplated in the Letter of Intent signed by the parties, and (ii) Reed Elsevier has no liability to ICI for terminating its preliminary interest in pursuing such a transaction; (b) award costs of suit to RE; and (c) grant such other relief as is equitable and just.

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By:________________________
MARK E. DUCKSTEIN

Dated: July 18, 2005

RULE 4:5-1(b)(2) CERTIFICATION

I hereby certify that the matter in controversy is not the subject of any other action pending in any court or of a pending arbitration proceeding, and no other action or arbitration proceeding is contemplated by plaintiff Reed Elsevier, Inc. I further certify that plaintiff Reed Elsevier, Inc. is unaware of any non-party who should be joined in this action pursuant to R. 4:28 or who is subject to joinder pursuant to R. 4:29-1(b) because of potential liability to any arty on the basis of the same transactional facts.

MARK E. DUCKSTEIN

Dated: July 18, 2005